

CLOSE your business

October 2013

PLAN



START



OPEN



RUN



GROW





Do you want to close your business?

People close their businesses for many reasons. Sometimes it's because the business hasn't gone in a direction they had hoped and they're not happy with the result, sometimes it's because the owner is ready for something new, and sometimes it's due to time or money considerations. Regardless of the reasons, choosing to close a business is a significant decision.

The U.S. Small Business Administration has an online resource to assist you in understanding the considerations and closure process: [Getting Out](#). Additionally, it may be helpful to meet with a business advisor to address alternatives to closing, such as selling your business in whole or in part, hiring a manager and taking a less active role, merging with another business, etc. The following programs offer no-cost business advising:

- [Small Business Development Center](#) (statewide)
- [SCORE](#) (statewide)
- [Washington Business Center](#) (Puget Sound area)

Steps to closing a business:

1

Seek legal advice

You'll need sound counsel to understand your obligations regarding business closure notifications, contracts and debts. If you don't have an attorney, ask your accountant or other trusted advisors for recommendations, or refer to the Washington State Bar Association's [Lawyer Directory](#).

Potential issues to discuss with your attorney:

- Outstanding salaries, wages, commissions, vested benefits due to employees, if applicable. When all debts can't be paid, debt to employees is considered legally to be high priority.
- Outstanding loans and lender requirements.
- Outstanding contracts, including leases, service agreements, purchase agreements, warranties, employment contracts, etc.
- Disposal of assets, especially where business property has been used as collateral for a loan or where you intend to convert business property to personal use.
- Tax debt, recognizing that most taxing agencies have the legal authority to assign business and employment tax debt to the owners (or former owners) of the business.
- Creditors – While all individuals and businesses have obligations to pay their debts, corporations and LLCs have special requirements related to notifying creditors of closure.
- Bankruptcy – If bankruptcy is a consideration, legal advice is critical for learning what debts can be discharged through a bankruptcy process and how you should proceed.

2

Notify regulatory agencies

Federal

Internal Revenue Service (IRS)

- Follow the [Closing a Business Checklist](#).
- If bankruptcy is a consideration, review the [Declaring Bankruptcy](#) web page.

State

Department of Revenue (DOR)

- Complete the [Business Information Change Form](#).
 - DOR will share the closure information with Business Licensing, the Employment Security Department, and the Department of Labor & Industries.
- Complete your final DOR [Excise Tax Return](#) within 10 days of business closure. Note on the form (near the top) that the business has or will close and provide a closure date.
- If inventory is being converted to personal use, pay [use tax](#) on the cost of the inventory (unless sales tax was paid previously).
- Keep your business records for five years in case your business is selected for an audit.



Employment Security Department (ESD)

- Complete the [Business Change Form](#) and ensure ESD has updated contact information for you.
- Complete your final [Quarterly Report](#) within 10 days of closing your business.
- Carefully review and respond to notices that will come from ESD if any of your former employees apply for unemployment benefits.

Department of Labor and Industries (L&I)

- Complete your final [Quarterly Report](#).
- If a contractor, send written notice to L&I's Contractor Registration Division:
Email: berp235@lni.wa.gov
Fax: 360-902-5812
Mail: Dept. of Labor & Industries
PO Box 44450
Olympia, WA 98504-4450
- Your contractor bond must remain in effect for two years beyond the contractor registration expiration date (which is typically later than the business closure date).

Secretary of State

- Corporation
 - Complete and submit the DOR [Revenue Clearance Certificate Application](#) form to verify that all excise tax returns have been filed and taxes have been paid.
 - Complete and submit [Articles of Dissolution](#), or for a foreign (non-Washington) corporation, [Certificate of Withdrawal](#), attaching the Revenue Clearance Certificate received from DOR.
- Limited Liability Company (or other limited liability organization)
 - Complete and submit a [Certificate of Dissolution](#), or for a foreign (non-Washington) LLC, Certificate of Cancellation.

State Certified Businesses

- [Office of Minority and Women's Business Enterprises](#) (OMWBE)
 - If you are certified with OMWBE as a women owned or minority owned business, contact our office to remove your company from the certified business list. Call our toll free number at (866) 208-1064 and ask for the Certification Desk.

- [Department of Veteran Affairs](#)
 - If you are certified as a veteran owned business, contact our office to remove your company from the certified business list. Call our toll free number at (800) 562-0132 and press 1 for assistance.

Liquor Control Board

- If the business you are closing sold liquor or tobacco, notify the Liquor Control Board through our website <http://www.liq.wa.gov/> or call (360) 664-1600.

Department of Health

- If your business is in a profession licensed through the Department of Health, [notify the Department](#) that your business is closing.

Local

Notify the [cities or towns](#) and [counties](#) where you do business. Complete final tax returns (Business & Occupation for cities; property tax for counties).

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Notify other interested parties

Notify employees, lenders, insurers, vendors, service providers, landlords, customers and other interested parties of your intent to close the business. If money is due to them, pay it or provide information about how and when you will pay.

Corporations and LLCs are required to inform creditors that the company has (or will be) dissolved, provide a mailing address to send claims, and provide a deadline to submit claims. Notice to creditors includes a required published notice of the dissolution requesting claims against the dissolved business be handled a specific way as provided or described in RCW 23B.14.030



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Need assistance?

State of Washington [Small Business Liaisons](#) can help you get the information and resources you need. Also, help us improve the Small Business Guide by filling out a short, confidential [survey](#).